

Item 91 City Council December 15, 2011
Historic Preservation Ordinance Decision Points

The ordinance in back up reflects the City Code changes as directed by the City Council by resolution in August of this year. There are 3 areas where the staff wants to bring to the Council's attention.

1. Formula for tax exemption: The Council resolution included a provision that the land value and the improvement value be combined for the calculating the tax exemption. However, the Council did not specify what percentage to use in determining the exemption. The staff recommends keeping the current 100% of the improvement value and 50% of the land value for owner occupied structures. The Historic Landmark Commission and the Planning Commission agree with the staff on this issue. The staff supports the current formula because it places a greater emphasis on the structure value which is logical because it is the structure that makes the property historic. The ordinance is written with the current formula in it and no action is needed if the Council is in agreement.
2. Indexing: The Council resolution included a provision for adjusting the exemption cap due to future increases or decreases in property values due to inflation or deflation. The staff preference is to not have an automatic adjustment mechanism but instead have a re-examination of the cap amount after 3 or 5 years to keep things simple for the City, TCAD and any other taxing entities that participate and use the City's methods (such as AISD). Right now inflation and mean sales prices are increasing while property values, as determined by TCAD, are falling. The HLC recommended adjusting the cap annually based upon the consumer price index, or CPI, because one of the reasons for the exemption is maintenance costs and the CPI would be probably track the changes in those costs. The PC agreed with the HLC but recommended the cap be adjusted based on CPI every three years. The language to follow the PC's recommendation is on the second page and could easily be changed to annually.
3. The PC also recommended that a change be made in which land use commission HLC initiated cases go to for a recommendation. The staff is recommending against making this change for 3 reasons. First, this issue came up in 2007 when all the historic cases were shifted to one of the commissions and then 2 years later shifted back so they followed the same rules as every other zoning case. Secondly, this change would result in an HLC case in some neighborhoods going to one land use commission while an owner initiated case in the same neighborhood goes to the other land use commission which does not make sense. And finally making this change was not one of the issues the Council directed to be changed in the resolution. If the Council wants to adopt the PC language it is on the next page.